

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

99-E-0410

IN THE MATTER OF THE LIQUIDATION OF
TUFTS HEALTH PLAN OF NEW ENGLAND, INC.

LIQUIDATOR'S ELEVENTH INTERIM STATUS REPORT

Paula T. Rogers, Commissioner of Insurance of the State of New Hampshire and the duly appointed Liquidator of Tufts Health Plan of New England, Inc. in the above-captioned liquidation proceeding, for her Eleventh Interim Status Report for the quarter ending October 31, 2002, states as follows:

1. This Court entered an Order of Liquidation on January 3, 2000 against Tufts Health Plan of New England ("TNE"). Under the Order, coverage under TNE policies ceased on February 2, 2000.¹
2. The Liquidator filed her First Interim Status Report on May 19, 2000; her Second Interim Status Report on September 1, 2000, covering the period from the commencement of this case through July 31, 2000; her Third Interim Status Report on December 1, 2000, covering the period from the commencement of this case through October 31, 2000; her Fourth Interim Status Report on March 1, 2001, covering the period from the commencement of this case through January 31, 2001; her Fifth Interim Status Report on May 31, 2001 covering the period from the commencement of this case through April 30, 2001; her Sixth Interim Status Report on August 31, 2001, covering

¹ TNE was incorporated on or about January 31, 1995 as a health maintenance organization ("HMO") by certain parent and affiliate organizations: Tufts Health Plans, Inc., Tufts Affiliated Health Maintenance Organization, Inc., and TAHMO Holdings, Inc. These parent and affiliate organizations are collectively referred to in this Interim Report as "TAHMO."

the period from the commencement of this case through July 31, 2001; her Seventh Interim Report on November 30, 2001 covering the period from commencement of this case through October 31, 2001, her Eighth Interim Report on February 28, 2002 covering the period from commencement of this case through January 31, 2002, her Ninth Interim Report on May 31, 2002, covering the period from commencement of this case through April 30, 2002, and her Tenth Interim Report on August 31, 2002, covering the period from commencement of this case through July 31, 2002. Since the Tenth Interim Status Report, the Liquidator has continued the work of marshaling the assets of the liquidating estate, implementing the proof of claim process, supervising the wind-down of TNE operations, and settling claims through various means, including an expedited NOD Process defined in the Plan of Liquidation and the Funding and Settlement Agreement approved by this court in its order dated December 28, 2000.²

3. The Liquidator and her agents have reviewed the financial records of TNE, worked to identify additional assets, and have pursued conversion of non-liquid assets into cash. At October 31, 2002, cash and cash equivalents total \$3.3 million (including approximately \$1.0 million in special deposits held in the ancillary proceeding pending against TNE in the State of Rhode Island). The \$3.3 million in cash and cash equivalents also includes the collection of substantially all of the amounts due TNE under risk share contracts with its providers, reported as approximately \$900,000 on TNE's balance sheet in the Liquidator's previous interim reports. No further risk share payments are anticipated to be collected.

² Capitalized terms used herein are intended to have the same meaning as they have in the Plan of Liquidation and the Finding and Settlement Agreement.

4. In total, 6,557 Proofs of Claims (or “POC’s”) were filed before the July 10, 2000 bar date previously established by the Liquidator or upon further review have been deemed to meet the “good cause” criteria for acceptance as timely filed. The total amount claimed on the face of the timely filed POCs, including amendments received thereto, now equals \$87,354,618.81. Of the 6,557 POC’s, 416 were filed with the amount owed as “unliquidated” or “unknown.” In addition, as of October 31, the Liquidator has identified 112 POCs, with a total face amount of \$225,627 as filed after the July 10 bar date which did not appear to meet “good cause” criteria for allowance as timely filed and for which no objection to the NOD communicating this determination was received. The POC’s have been inventoried, and an acknowledgement of receipt has been sent to all claimants. All timely filed POC’s have been matched to TNE’s books and records (as historically maintained by TAHMO) to determine adjudicated claim values. With respect to late-filed POC’s, the Liquidator has communicated with all holders of late-filed claims to determine whether good cause exists for the respective holders’ failure to comply with the bar date, and has communicated her determination of that issue to each such holder separately.

5. The Funding and Settlement Agreement and the Plan of Liquidation also allow the Liquidator to implement an expedited claims settlement process described therein as the Pre-NOD Process. The Pre-NOD Process allows the Liquidator to settle and pay claims that meet certain criteria described in the Funding and Settlement Agreement, in an expeditious manner. On October 25, 2001, a hearing was held in the Superior Court of Merrimack County on the Liquidator’s Motion to Accelerate Payment of Class Five Claims, in which the Liquidator sought authority to commence the payment

of Allowed Claims in Classes junior to Class Two without first having paid all Allowed Class Two Claims in full. The court granted this motion on October 25, 2001 and the adjudication and payment of Class Five Claims (including the issuance of Pre-NODs for qualifying POCs) thereupon commenced. As of October 31, 2002, the Liquidator had issued 3,639 Pre-NODs totaling \$ 10,879,739.70 to the holders of Allowed Class Two and Class Five Claims. As of October 31, 2002, the Liquidator had received 2,990 Pre-NOD acceptances, totaling \$ 10,042,448.44 in Allowed Claims.

6. The Liquidator continues to support the Rhode Island Ancillary Receiver by providing information and data sufficient for required court filings. The Liquidator has nearly concluded the process of administering and adjudicating the total amounts claimed by Rhode Island claimants, although certain sizeable adjudicated Claims were still subject to appeal. Actuarial estimates of this amount initially forecast that less than \$500,000 in claims would be payable to Rhode Island residents. In her Tenth Interim Status Report, the Liquidator anticipated that all remaining Claims benefited by the Rhode Island Special Deposits would be resolved prior to the filing of her next Interim Status Report. At October 31, 2002, two sizeable Special Deposit Claims objections remained unresolved. Those objections should be resolved, and court approval for those resolutions sought, during December 2002. The Liquidator also continued to resolve other outstanding objections to NOD's, and now anticipates that the process of scheduling hearings on outstanding objections to adjudicated claims will commence during early 2003.

7. Cumulatively, between December 20, 1999 and October 31, 2002, the Liquidator paid approximately \$35.5 million in Class I administration costs, of which

approximately \$22.4 million was paid to contracted providers for delivery of post-petition medical services and products to TNE members and subscribers. Additionally the Liquidator has paid approximately \$45.5 million in Proof of Claims settlements, including \$14 million paid to Bath Iron Works to settle its claim as set forth in the Funding and Settlement Agreement. Exhibit A to this Interim Report lists, by the POC Number assigned by the Liquidator, all Allowed Claims paid between August 1, 2002 and October 31, 2002.

8. The Liquidator continues to use existing TNE and TAHMO claims payment systems to adjudicate all provider claims and to pay Class I contracted provider claims. As reported previously, in recognition of the reduced volume and scope of administrative services provided, the administrative fees payable and accruing to TAHMO in connection with its services rendered to the Liquidator in this proceeding were reduced, retroactive to April 1, 2000.

9. During the quarter ending October 31, 2001, the Liquidator also continued discussions with TAHMO concerning progress toward the Conclusion of Services contemplated in the Plan of Liquidation and the closing of this liquidation proceeding, which the Liquidator hopes and intends to achieve as soon as practicable.

10. The Liquidator continues to post significant developments in this proceeding on the New Hampshire Insurance Department's web site, www.state.nh.us/insurance.

Dated: December 2, 2002

Respectfully submitted,

PAULA T. ROGERS, COMMISSIONER
OF INSURANCE OF THE STATE OF
NEW HAMPSHIRE, AS LIQUIDATOR
OF TUFTS HEALTH PLAN OF NEW
ENGLAND, INC.

By her attorneys,

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CERTIFICATE OF SERVICE

I hereby certify that on this 2d day of December, 2002, a copy of the foregoing Liquidator's Eleventh Interim Status Report was served upon the parties listed on the attached service list via first class mail, postage prepaid.

Bruce A. Harwood
Monica A. Ciolfi

EXHIBIT A TO LIQUIDATOR'S ELEVENTH INTERIM STATUS REPORT

Allowed Claims Paid Checks Issued 8/1/02 Through 10/31/02

POC #	NAME	ORIGINAL POC	PAID
2989	ORLANDO REGIONAL HEALTHCARE SYSTEMS P.O. BOX 620000 ORLANDO, FL 32891	\$1,126.00	\$1,076.00 (1)
11563	LIFESPAN NEWPORT HOSPITAL C/O LIFESPAN PHYSICIANS PSO 55 CLAVERICK ST. (2 nd FL) PROVIDENCE, RI 02903	\$115,068.64	\$53,308.70
11908	KENT COUNTY HOSPITAL 455 TOLL GATE ROAD WARWICK, RI 02886	\$150,701.78	\$28,500.00 (2)
12968	AROOSTOOK CARDIOLOGY 171 ACADEMY STREET PRESQUE ISLAND, ME 04769	\$4,461.00	\$3,141.86

Total Number POCs Paid: 4

Total Amount Paid \$86,026.56

- (1) POC Filed by Michelle A. Wilson for services provided by Out-of-Area provider. Claimant signed waiver allowing for payment directly to provider on her behalf.
- (2) In addition to the amount paid from TNE's estate, Kent County Hospital became entitled to receive an additional \$14,500 directly from Toll Gate Radiology, Inc. in respect of its Claim, pursuant to a separate letter agreement dated June 24, 2002, approved by this court in the Liquidator's Twentieth Motion for Approval of Compromise of Claims.